

Letter to the Court Regarding the Unequal Treatment of Chinese Creditors in the FTX Claims Administration

Case No. 22-11068 (JTD)

Dear Judge Owens,

I am a fully KYC-verified creditor from the China and respectfully submit this letter to raise serious concerns regarding the unequal and non-transparent treatment of Chinese creditors in the administration of customer claims by the FTX Customer Claims Trust.

Alongside many others in a similar situation, my claim was marked as “disputed” without any explanation, supporting evidence, or opportunity for appeal. Moreover, recent motions referring to “restricted jurisdictions” raise grave concerns about the legality and fairness of excluding or delaying payments to claimants based solely on geographic location—particularly when such claimants hold **USD-denominated balances** and are in full compliance with KYC requirements.

Following the most recent hearing, several issues remain unresolved. I respectfully request the Court’s attention to the following five key concerns:

1. There Is No Legal Basis to Restrict USD Payments to China

To date, there is no known legal or regulatory prohibition—under U.S. law, international law, or applicable financial regulations—that would prevent or restrict USD payments to China. The People’s Republic of China is **not subject to OFAC sanctions**, and there are no restrictions on wire transfers to Chinese bank accounts.

If the proposed motion is implemented in a manner that designates China as a “restricted region,” such action would lack a clear legal foundation and may constitute an improper interpretation or overextension of applicable legal frameworks.

2. The Trust’s Claims Review Process Lacks Transparency

The FTX Customer Claims Trust has failed to provide transparency in its handling of creditor claims, particularly for non-U.S. creditors. Despite full submission of documentation—including identity verification and KYC materials—many Chinese creditors, including myself, received no explanation or documentation for why our claims were labeled as “disputed.”

There has been **no clear communication**, no published timeline for resolution, and no formal process for appeal. This opaque handling has created substantial distress and

uncertainty, and many creditors now fear they are being arbitrarily excluded from the recovery process.

3. Unequal Treatment May Violate U.S. Bankruptcy Law

Under **Section 1123(a)(4)** of the U.S. Bankruptcy Code, all creditors within the same class must be treated equally. If Chinese creditors—who hold simple fiat (USD) balances and present no compliance risk—are denied or delayed payment solely based on geographic origin, such treatment may constitute a breach of this fundamental principle.

To date, the Debtors and the Trust have not provided any legal or operational justification for treating Chinese creditors differently from other similarly situated claimants.

4. Chinese Creditors Are Suffering Ongoing Harm

Nearly three years have passed since the bankruptcy filing, yet Chinese creditors have received **no payments, no estimated distribution timelines**, and no meaningful updates. Many face serious financial hardship and growing personal distress, exacerbated by the lack of transparency and continued exclusion from disbursement procedures.

It is both legally baseless and ethically indefensible to indefinitely delay payments to lawful, verified creditors solely based on their jurisdiction—particularly in the absence of any regulatory impediment to such payments.

5. Requested Relief and Reasonable Measures

I respectfully urge the Court to consider the following actions to promote fair and lawful treatment of all creditors:

- **Direct the Debtors and Plan Administrator to provide a formal legal explanation** for any proposed restrictions on payments to Chinese creditors;
 - **Order the Trust to implement a transparent review and appeals mechanism** for “disputed” claims, with reasonable deadlines;
 - **Encourage the use of alternative, lawful disbursement channels**, such as Hong Kong bank accounts or international wire platforms (e.g., SWIFT or Wise), where needed;
 - **Appoint a neutral third-party monitor** to oversee the equitable treatment of claimants in so-called “restricted regions.”
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Conclusion

We recognize the complexity of this cross-border bankruptcy proceeding. However, Chinese creditors—many of whom were early, long-term supporters of FTX—deserve to be treated with fairness, transparency, and respect under the law.

The ongoing lack of clarity, potential misclassification of China as a “restricted jurisdiction,” and exclusion from recovery mechanisms are inflicting **real and unjust harm** on thousands of innocent claimants. We therefore respectfully request that the Court address these concerns with urgency and ensure that the FTX Trust and its administrators are held to the standards of fairness and legal accountability expected under U.S. bankruptcy law.

Respectfully submitted,
LIU ZHENXU
FTX Creditor – China
[Optional: Email / Claim ID / Signature]

zhenshu@outlook.com, 00163145, Liu Zhenxu

CERTIFICATE OF SERVICE

I, 「LIU ZHENXU」, hereby certify that on August 6, 2025, I caused a copy of this Letter to the court via email upon the following parties listed below. In addition, I sent a cover letter and copy of this letter to the Office of the United States Trustee.

Sullivan & Cromwell LLP

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Office of the United States Trustee

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- David Gerardi – david.gerardi@usdoj.gov

I certify under penalty of perjury that the foregoing is true and correct.

Dated: August 6, 2025

Liu Zhenxu

LIU ZHENXU
FTX Creditor from Shanghai, China
Email: zhenxliu@outlook.com
Claim ID: 00163145
Date: August 6, 2025

RECEIVED
2025 AUG 15 A 11:15
CLERK
US BANKRUPTCY COURT
DISTRICT OF DELAWARE

To:
The Honorable Judge Owens
U.S. Bankruptcy Court
District of Delaware
824 Market Street North
Wilmington, DE 19801

Re: In re FTX Trading Ltd., et al., Case No. 22-11068 (JTD)

EXPRESS

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To
Clerk of the Court 3022522900
U.S. Bankruptcy Court, 824 N Market
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Wilmington Delaware

From
Daliu 13624637942
101, Building 43, Huafa Jianfa Manyun 18 Minhang
District Shanghai City Shanghai China

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U.S. BANKRUPTCY COURT, 824 N MARKET
WILMINGTON DE 19801

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To
Clerk of the
3022522900
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N Market St 3rd Floor, W
ilmington, Delaware, US
Wilmington Delaware (19801)



From Daliu 13624637942 101, Building 43, Huafa Jianfa Manyun 18 Minhang District Shanghai City Shanghai China

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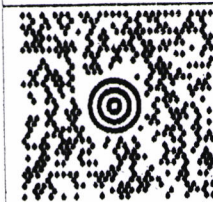
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TD: United States Bankruptcy Court

Attn: Clerk of the Court.

824 N. Market Street, 3rd Floor
Wilmington, DE 19801

USA

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in the FTX Claims Administration

(Case No. 22-11068 (JTD)).